



# *FIVE YEAR STRATEGIC BUSINESS PLAN*

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## **OUR MISSION**

Idaho Code 23-102, 23-203, and 23-404 vests the Idaho State Liquor Dispensary (ISLD) with the responsibility to regulate, control, import and sell distilled spirits in the State of Idaho and to exercise its powers to curtail intemperate use of alcohol.

## **OUTCOME BASED VISION:**

The Idaho State Liquor Dispensary curtails the intemperate use of alcohol by limiting access to minors and intemperate consumers. Alcoholic beverages are made available to responsible adults without stimulating the normal demands of temperate consumers. The Idaho State Liquor Dispensary maximizes distributions of profits to state and local units of government by using appropriate retailing and merchandising procedures and by effectively controlling costs.

## **KEY EXTERNAL FACTORS:**

- Idaho's population growth has placed substantial demands on the resources needed for efficient operations.
- The Dispensary's business operations may be altered or significantly impacted by new legislation or budget issues.
- The Liquor Dispensary will need to continue to recruit and train a highly competent workforce to fill vacancies due to a high number of anticipated retirements affecting the Central Office and State Liquor stores.
- Liquor production and marketing is producing more and more unique and flavored products. The challenge to ISLD will be the ability to absorb new products, and expand the product line to reflect changing consumer demands, while still retaining traditional products with proven sales and demand.
- Advancements in Information Technology will require ongoing upgrades and enhancements to improve management and business systems.
- ISLD business operations may be affected by the national, Idaho and local economies.
- ISLD operating expenses will continue to be affected by the rising costs of doing business, primarily as a result of rising energy costs.

## **GOALS:**

### **GOAL #1- Maintain a Low Per Capita Consumption of Distilled Spirits in Idaho.**

#### **OBJECTIVES:**

1. Conscientiously respond to adult consumer demand for new products.

**Strategies:** Provide a reasonable selection of products specific to the tastes and lifestyles of the communities served.

2. Support moderation and temperance by denying availability of our products to minors and intemperate consumers of alcoholic beverages.

**Strategies:** Through ongoing alcohol education activities, the Liquor Dispensary will inform underage youth about the negative consequences of drinking. The Dispensary will also facilitate training of store personnel on alcohol beverage laws, legal age determination, civil and criminal penalties, fetal alcohol syndrome and risk-reducing techniques to ensure legal and responsible sales of distilled spirits. Identify appropriate funding sources and continue coordination with other existing entities providing some form of alcohol education.

3. Control the retail and wholesale distribution of distilled spirits.

**Strategies:** Uniform pricing, customer service policies and operating procedures will help maintain a stable marketplace.

**PERFORMANCE MEASURES:** National statistics and private studies repeatedly show that sales of alcoholic beverages in a controlled environment reduce illegal and intemperate consumption. Apparent per capita consumption is based on total population and not adults 21 and over. Statistics are based on point of sale and do not take into account cross-border traffic in distilled spirits. Based on the most recent statistics available, consumption in Idaho was 1.26 gallons in 2006 compared with 1.28 gallons for all control states and 1.48 gallons in open states. Consumption in open states is 16% more than in all control states and 17% more than in Idaho. Source: Distilled Spirits Council of the United States.

**BENCHMARKS:** For FY 2009 and beyond, the Dispensary's ongoing benchmark is to continue to adhere to the mission of the Liquor Dispensary as established by Idaho law, provide excellent service to the public and maintain low per capita consumption rates, while maximizing profits for state and local units of government.

### **GOAL #2- Maximize financial returns to the state by operating an efficient wholesale and retail business operation.**

#### **OBJECTIVES:**

1. Implement industry best practices in all Dispensary operations.

**Strategies:**

- Collaborate with the National Alcohol Beverage Control Association (NABCA) to implement nationally accepted best practices in the Dispensary's retail operations.
  - Streamline and simplify the Dispensary's Listing and De-listing procedures to ensure fairness and equal opportunity for all suppliers to have their products represented.
2. Provide a convenient and informative shopping experience for the retail and on-premise licensee customer.

**Strategies:** Improve customer service and store presentation, with emphasis on in-store merchandising, design and employee training programs.

3. Maximize Profit Distributions to benefit state, county and municipal programs.

**Strategies:**

- Improve distribution and purchasing of distilled spirits with particular emphasis on how to favorably impact cost of goods sold.
- Analyze product consumption trends.
- Evaluate net profit generation to determine what, if any, changes may be necessary to the standard mark-up formula.

**PERFORMANCE MEASURES:**

- During FY 2009, ISLD will usually conduct three New Product Listing Meetings to allow suppliers to present new products for possible inclusion in the ISLD product line. As many as 125 items are anticipated during each Listing Meeting, with approximately 25% typically being selected.
- During FY 2009, ISLD will also select a number of gift-type products for the Holiday Season.
- During FY 2009, product line review will be conducted to identify products for possible discontinuation, status change or consolidation.

**BENCHMARKS:**

- Product retention program continues in development with supplier input.
- Special Order Program will be revamped, automated and streamlined.
- Split case equipment revamp will be completed in FY 2009.

- Net Profit Margin: For FY 2009 and beyond, the ongoing benchmark is to exceed national industry's average dollar sales per employee.
- Open 2 new state liquor stores with funds approved by the Legislature for FY 2009. Contract liquor stores to be added as population trends warrant.
- Conduct at least two listing sessions in FY 2009.
- Procurement, installation and operation of automated storage/retrieval system will be completed in FY 2009.
- Warehouse management system software and hardware will be installed and operational in FY 2009.